FISCAL NOTE

SB 2500 - HB 2679

February 14, 2004

SUMMARY OF BILL: Establishes the *Tennessee Electronic Waste Recycling Act which:*

1. Provides it is the intention of the general assembly to reduce the number of improperly disposed electronic devices by providing incentives to increase the number of collection facilities for electronic devices.

2. Provides for:
   - the establishment and maintenance of electronic device collection facilities and programs that support electronic waste recycling.
   - development of management standards for electronic waste recyclers; and
   - promotion of educational programs to encourage the public to dispose of electronic waste properly.

3. Establishes a general fund reserve to be allocated by the general appropriations act that shall be known as the electronic waste-recycling fund. Any revenues, interest, and appropriations to the fund shall not revert to the general fund on any June 30. All fees, civil penalties, and fines collected shall be deposited in the fund.

4. Provides the Department of Environment and Conservation may apply for, request, solicit, contract for, receive, and accept gifts, grants, donations, and other assistance from any source to carry out its powers and duties and any monetary gifts, grants or donations shall be deposited in the fund.

5. Provides:
   - The fund may be used to award grants to develop and implement educational programs to encourage proper handling, disposal and recycling of electronic waste.
   - The department shall establish and maintain a directory of recyclers of electronic waste and a toll-free telephone number for the purpose of disseminating information concerning the locations and operating hours of electronic recycling facilities within the state, and information concerning the availability, dates and requirements for collection.
   - The department may award grants to develop and implement programs to provide direct incentives to for non-profit and not-for-profit entities to establish and operate recycling facilities that:
     - Collect or process used electronic devices for recycling purposes;

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- Reuse and resell electronic devices or components of electronic devices; or
- Extract and use, or sell for reuse, raw materials from electronic devices.

6. Provides that the Department of Environment and Conservation:
   - may hire personnel necessary and expend monies in the fund for other necessary administrative costs.
   - shall develop management standards for collection and recycling of used electronic devices. Standards shall comply with all rules and regulations of the federal environmental protection agency but shall not exceed such rules and regulations.
   - shall consult with representatives of manufacturers, retailers, and recyclers of electronic devices, and waste management professionals, environmental groups, and other appropriate organizations.
   - promulgate rules and regulations.

7. Establishes a fee of $10 on every retail sale of electronic devices to fund the electronic waste recycling fund. Requires the fee to be collected by the Department of Revenue and deposited in the fund. Requires all retailers of electronic devices on or before the 25th day of the month following the close of the period, to transmit fees collected to the Commissioner of Revenue. In compensating the retailer in accounting for and remitting the fee, a retailer shall be allowed a deduction from the fee due to the Department of Revenue 2% of the amount due on the report. No deduction from the fee shall be allowed if any such report or payment of the fee is delinquent.

8. Creates a Class C misdemeanor for any person who fails to comply with any provisions of the bill or rule adopted thereunder and for any person who knowingly gives or causes to give any false information in any reports, records, or documents required to be filed.

9. Requires all state contracts for the purchase of computer equipment that contain heavy metals or hazardous materials to include provisions requiring the seller to remove and recycle any unwanted, unusable, or obsolete equipment that is being replaced by such purchase. No contract would be awarded that does not warrant that the seller will remove and recycle such equipment to the greatest extent possible, and assume all liability for proper disposal.

10. Requires all state agencies that declare as unwanted, unusable or obsolete computer equipment that is not being replaced by purchase or lease of new equipment and which contains heavy metals or hazardous materials to recycle such equipment through a computer equipment recycle that will purchase the equipment or recycle the equipment at no cost to the state.

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ESTIMATED FISCAL IMPACT:

> **Increase State Expenditures** - **$92,800 One-Time**
>   **$925,000 Recurring**
> **Increase State Revenues** - **$20,000,000 Recurring**
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> **Other Fiscal Impact – A loss of interdepartmental funds to the Department of General Services in excess of $100,000**
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> **Increase Local Govt. Expenditures – Not Significant**
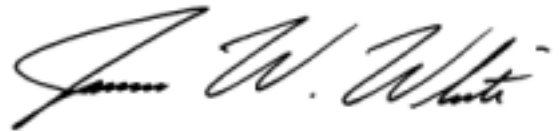> **Increase Local Govt. Revenues – Not Significant**

Estimate assumes:

- The Department of Environment and Conservation will use two persons and related expenses to permit, inspect and enforce the requirements of this bill.
- The Department of Revenue will need nine new positions, at a one-time cost of $27,200 and recurring cost of $214,500, will be necessary to enforce the requirements of this bill.
- Recurring annual mailing costs of $60,200 to the Department of Revenue.
- A one-time cost of $65,600 and recurring costs of $44,975 for software modifications, portal costs, and data center costs associated with the implementation of this bill to the Department of Revenue.
- 1,000,000 computers in Tennessee would be subject to the fee imposed by this legislation. Fifty percent of these computers would be desktop computers with a monitor and printer subject to the $30 fee and notebook computers and half-desktops would account for the other 50% of computers and would be subject to a $10 fee.
- Two percent of the $20,000,000 or $400,000 would be paid to vendors for compensation.
- The Department of General Services charges a fee to recoup direct costs from other agencies associated with the recycling of computers declared as surplus that cannot be refurbished. From October 2002 through September 2003, the department handled 10,443 pieces of computer equipment. Handling fees for direct cost incurred totaled approximately $136,000 for this time period. To allow agencies disposal authority for computer equipment without adhering to surplus property requirements is estimated to result in the loss of this handling fee to the department.
- The recycling of unusable or obsolete surplus computer equipment is currently being facilitated by the Department of General Services at no cost to the state. Equipment not suitable for educational purposes is sent for recycling. The department has a agreement with

UNICOR (federal prison industries) to recycle electronic waste at no cost to the state. Electronic waste is de-manufactured and recycled in accordance with the Land Ban Act of 1994. Under this bill, such surplus computer equipment will no longer be handled in this manner; the vendors will be responsible for recycling. It is assumed that this will result in an increase in bid price, which will be passed on to the purchaser or user agency.

- The local education agencies could receive less surplus computer equipment because of the absence of the centralized screening and control of such equipment, which is currently being done through the Department of General Services.

- The state's computer acquisition costs and recycling costs will increase in an amount estimated to exceed $100,000.

- Impact of creation of new offense depends upon the number of persons convicted of this offense and the resulting increased cost to local governments to confine such persons versus the increased revenues to local governments from fines levied and collected under the provisions of this bill.

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.

James W. White, Executive Director

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